

## ACRES TECHNOLOGY

### UP TO \$12,500,000 of CONVERTIBLE NOTES

#### **Investor Package dated as of July 21, 2021**

This Investor Package (the “Investor Package”) contains the documents listed below in connection with an offering by Acres Technology, a Nevada corporation (“we” or the “Company”), of up to \$12,500,000 of the Company’s 6% convertible notes due March 31, 2024 (the “Notes”). The Notes are subject to optional and mandatory conversion into shares of the Company’s common stock, \$0.0001 par value per share (the “Common Stock”), as described below. The offering of the Notes is known as the “Offering.”

The Notes will only be offered and sold to “accredited investors” (“Accredited Investors”), as that term is defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “Securities Act”). The price of the Notes and the conversion price has been determined by us and such price does not necessarily bear any relation to the book value or other recognized criteria of value of the Company.

The Offering will commence on the date of this Investor Package and continue until the earlier of the sale of all \$12,500,000 of Notes or August 31, 2021, unless extended by the Company in its sole discretion.

This Offering is being conducted in advance of the Company’s intended initial public offering (“IPO”) of our shares of common stock, par value \$0.0001 per share (the “Common Stock”), and listing our Common Stock for trading on the Nasdaq Capital Market or other national securities exchange.

The Notes issued herein may be converted at any time by the holders into Company Common Stock. In addition, in connection with an IPO, the Notes will *automatically* (and without any action on the part of the holders) be converted into shares of Common Stock of the Company at a conversion price equal to the *lesser* of (i) 60% of the public offering price per share of the Common Stock offered to the public in the IPO, or (ii) the price per share determined by dividing \$175 million (the “Maximum Pre-Money Valuation”) by the total number of outstanding shares of Common Stock immediately prior to the IPO. For the avoidance of doubt if, for example, the initial per share offering price in the IPO is \$6.00 per share, and there are 75,000,000 shares of Common Stock outstanding immediately prior to the IPO, the conversion price would be \$2.33 being the result of dividing \$175 million by 75 million shares, as opposed to \$3.60 (60% of the \$6.00 per share IPO price).

If an IPO is consummated and as part of the IPO the Company sells units consisting of Common Stock and warrants and/or other securities, upon any optional or automatic conversion of the Notes, the holder will receive units containing the number of shares of Common Stock it would otherwise receive and the proportional number of warrants and/or other securities. For avoidance of doubt, if the securities sold in the IPO are units consisting of two shares of Common Stock and one warrant, the holder will receive Common Stock and a number of warrants equal to 50% of the number of shares of Common Stock.

In the event that an IPO is not consummated, if the Company (a) is acquired as a result of a “Sale of Control” (as defined), (b) merges with a “SPAC” (as defined) or (c) consummates a “Reverse Merger” (as defined) prior to the maturity date of the Notes, the Notes will be convertible at the option of the holders into shares of common stock of any successor-in-interest to the Company at a price per share equal to the lesser of (i) 60% of the “Pre-Money Valuation” (as defined) or (ii) the \$175 million Maximum Pre-Money Valuation, in either case, divided by the total number of outstanding shares of common stock of the acquiror resulting from a Sale of Control, the merger with a SPAC or the successor in interest “Pubco” (as defined) in connection with a Reverse Merger.

As used herein, (i) the term “Sale of Control” shall mean a sale of all or substantially as of the capital stock or assets of the Company to any unaffiliated third Person, whether through share sale, asset sale, merger, consolidation or like combination, as a result of which the ability to control the board of directors of the Company shall pass to such third Person, (ii) the term “SPAC” shall mean a special purpose acquisition corporation listed on Nasdaq or other national securities exchange, and (iii) the term “Reverse Merger” shall mean a reverse merger of the Company with a fully-

reporting public corporation without any significant business activities that is then trading on Nasdaq or the OTCQX platform of the OTC Market ("Pubco"); it being contemplated that in a transaction with a SPAC or a Reverse Merger, the stockholders of the Company will own a substantial majority of the equity securities of the SPAC or Pubco. As used herein, the term "Pre-Money Valuation" shall mean the dollar value placed on the total number of outstanding shares of Common Stock of the Company immediately prior to the IPO, a Sale of Control, an acquisition by a SPAC or a Reverse Merger (any of which, a "Liquidity Event").

Within 30 business days following the consummation of the first to occur of an IPO, a Sale of Control or a Reverse Merger, as applicable the Company will file a registration statement on Form S-1 or Form S-3, if available (the "Resale Registration Statement") in order to register for resale all of the shares of Common Stock of the Company or common stock of any successor-in-interest to the Company issued to all holders of the Notes upon automatic conversion of the Notes (the "Conversion Shares"), and will use its best efforts to cause such Resale Registration Statement to be declared effective by the SEC within 45 business days from the date of its initial filing; *provided*, that such Conversion Shares will continue to be subject to restrictions on resale for a period of six (6) months following completion of either the IPO, Sale of Control or Reverse Merger, as applicable.

In the event a Liquidity Event is not consummated within twelve (12) months of the Closing of the Offering, the Company may elect either to (a) repay the Notes in whole or in part (subject to the conversion rights of the Holders), or (b) if the Company does not repay the Notes the unpaid principal amount of the Notes will automatically increase to 110% of the outstanding principal amount.

In the event that the Company shall elect to raise additional capital through a private placement of Common Stock or other securities that are convertible or exercisable for Common Stock, in either case, at a Pre-Money Valuation of less than \$175 million, then and in such event the Conversion Price of the Notes shall be adjusted to reflect such lower Pre-Money Valuation.

Holders of the Notes will enter into an Investor Rights Agreement and Lock-Up Agreement. The Investor Rights Agreement will provide for typical "drag along" and "tag along" rights and will permit the holders to participate in subsequent securities offerings, including the IPO, in a percentage amount of such securities offering equal to 50% of the percentage invested by such Holder in the Notes. For the avoidance of doubt, if a holder purchases \$2.0 million of Notes or 20% of this Offering, such holder may invest in a subsequent offering up to 10% of the funds raised in the subsequent offering, including the IPO.

The Notes are being offered by Boustead Securities, LLC ("Boustead") which will be paid a commission of 7% of the gross proceeds from the sale of Notes sold in the Offering and an additional non-accountable expense allowance of 1% of the gross proceeds from the sale of Notes in the Offering. In addition, Boustead will be issued five-year warrants to purchase shares of Common Stock at an exercise price equal to the Conversion Price in an amount equal to 7% of the Common Stock underlying the Notes sold in the Offering.

Under our engagement letter with Boustead, originally entered into on October 29, 2020 and as amended on May 10, 2021 (the "Engagement Letter"), Boustead has been engaged as our exclusive financial advisor for the 18 month term of the Engagement Letter. In addition, Boustead and the Company have agreed to work together to identify and engage a lead underwriter for the proposed IPO with the engagement of such yet to be identified lead underwriter agreeing to underwrite an IPO of not less than \$50 million and also agreeing to provide gaming research coverage following the IPO. In connection with the engagement of such lead underwriter, Boustead has agreed to serve as co-managing underwriter and we have agreed to provide to Boustead full underwriter compensation on at least \$20 million of the IPO. The Company and Boustead have agreed to identify and engage such lead underwriter on or before May 31, 2021 (or such other date as we and Boustead may otherwise mutually agree). There can be no assurance that we and Boustead will be able to engage such lead underwriter or that our proposed IPO will be increased in excess of \$20 million.

This Investor Package consists of (a) Subscription Agreement to be executed by the Company and each subscriber to Notes, and an Investor Representation and Suitability Questionnaire to be completed by each subscriber to Notes, (b) Exhibit A – Terms of the Offering, (c) Exhibit B – Business Summary of the Company, (d) Exhibit C – Risk Factors to be considered by potential subscribers to Notes, (d) Exhibit D – Company Investor Presentation, (e) Exhibit E –

Form of Convertible Note, and (f) Exhibit F – Investor Rights and Lock-Up Agreement (collectively, the “Offering Documents”).

**SUBSCRIPTION PROCEDURE:**

To subscribe to purchase the Notes, an investor must email a duly executed Subscription Agreement and a completed and duly executed Investor Representation and Suitability Questionnaire to [brinson@boustead1828.com](mailto:brinson@boustead1828.com).

Alternatively, investors may mail or deliver a duly executed Subscription Agreement and a completed and duly executed Investor Representation and Suitability Questionnaire to:

Sutter Securities Clearing, LLC  
6 Venture, Suite 395  
Irvine, CA 92618  
For: Acres Technology Inc.

If by wire transfer:

ABA #: 122242869  
Account #: 45690644  
Account Name: “Acres Technology – [Subscriber Name]”

If by check:	Payable to:	Sutter Securities Clearing, LLC
Mailed to:		Sutter Securities Clearing, LLC
		6 Venture, Suite 395
		Irvine, CA 92618

Subscription Agreement and Investor Representation and Suitability Questionnaire

Exhibit A - Term Sheet

Exhibit B - Business Summary

Exhibit C - Risk Factors

Exhibit D - Acres Technology Investor Presentation

Exhibit E - Form of Convertible Note

Exhibit F - Investor Rights and Lockup Agreement

## **IMPORTANT INVESTOR NOTICES**

NO OFFERING LITERATURE OR ADVERTISEMENT IN ANY FORM MAY BE RELIED UPON IN THE OFFERING OF THE SHARES EXCEPT FOR THIS INVESTOR PACKAGE AND ANY EXHIBITS AND SUPPLEMENTS HERETO, AND NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS EXCEPT THOSE CONTAINED HEREIN.

THIS INVESTOR PACKAGE IS CONFIDENTIAL AND THE CONTENTS HEREOF MAY NOT BE REPRODUCED, DISTRIBUTED OR DIVULGED BY OR TO ANY PERSONS OTHER THAN THE RECIPIENT OR ITS REPRESENTATIVE, ACCOUNTANT OR LEGAL COUNSEL, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY. EACH PERSON WHO ACCEPTS DELIVERY OF THIS INVESTOR PACKAGE, ACKNOWLEDGES AND AGREES TO THE FOREGOING RESTRICTIONS.

THIS INVESTOR PACKAGE DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL OF THE INFORMATION THAT YOU MAY DESIRE IN EVALUATING THE COMPANY, OR AN INVESTMENT IN THE OFFERING. THIS INVESTOR PACKAGE DOES NOT CONTAIN ALL OF THE INFORMATION THAT WOULD NORMALLY APPEAR IN A PROSPECTUS FOR AN OFFERING REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). YOU MUST CONDUCT AND RELY ON YOUR OWN EVALUATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN DECIDING WHETHER TO INVEST IN THE OFFERING.

THIS INVESTOR PACKAGE DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER TO ANY PERSON OR IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION IS UNLAWFUL OR NOT AUTHORIZED. EACH PERSON WHO ACCEPTS DELIVERY OF THIS INVESTOR PACKAGE AGREES TO RETURN IT AND ALL RELATED DOCUMENTS IF SUCH PERSON DOES NOT PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

NEITHER THE DELIVERY OF THIS INVESTOR PACKAGE AT ANY TIME NOR ANY SALE OF SECURITIES HEREUNDER SHALL IMPLY THAT INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THE COMPANY WILL EXTEND TO EACH PROSPECTIVE INVESTOR (AND TO ITS REPRESENTATIVE, ACCOUNTANT OR LEGAL COUNSEL, IF ANY), PRIOR TO ITS PURCHASE OF SECURITIES, TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM THE COMPANY CONCERNING THE OFFERING AND TO OBTAIN ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES THE SAME OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, IN ORDER TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN. ALL SUCH ADDITIONAL INFORMATION SHALL ONLY BE PROVIDED IN WRITING AND IDENTIFIED AS SUCH BY THE COMPANY THROUGH ITS DULY AUTHORIZED OFFICERS AND/OR DIRECTORS ALONE; NO ORAL INFORMATION OR INFORMATION PROVIDED BY ANY BROKER OR THIRD PARTY MAY BE RELIED UPON.

NO REPRESENTATIONS, WARRANTIES OR ASSURANCES OF ANY KIND ARE MADE OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN, IF ANY, THAT MAY ACCRUE TO AN INVESTOR IN THE COMPANY. THIS INVESTOR PACKAGE CONTAINS FORWARD-LOOKING STATEMENTS REGARDING THE COMPANY’S PERFORMANCE, STRATEGY, PLANS, OBJECTIVES, EXPECTATIONS, BELIEFS AND INTENTIONS. THE OUTCOME OF THE EVENTS DESCRIBED IN THESE FORWARD-LOOKING STATEMENTS IS SUBJECT TO SUBSTANTIAL RISKS, AND ACTUAL RESULTS COULD DIFFER MATERIALLY.

THE OFFERING PRICE OF THE SECURITIES HAS BEEN DETERMINED ARBITRARILY. THE PRICE OF THE SECURITIES DOES NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, EARNINGS OR BOOK VALUE OF THE COMPANY, OR TO POTENTIAL ASSETS, EARNINGS, OR BOOK VALUE OF THE COMPANY. THE PRICE OF COMMON STOCK TRADED ON ANY EXCHANGE MAY BE IMPACTED BY A LACK OF LIQUIDITY OR AVAILABILITY OF COMMON STOCK FOR PUBLIC SALE AND ALSO WILL NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, EARNINGS, BOOK VALUE OR POTENTIAL PROSPECTS OF THE COMPANY OR APPLICABLE QUOTED OR TRADING PRICES THAT MAY EXIST FOLLOWING REGISTRATION OR THE LAPSE OF RESTRICTIONS ON THE SECURITIES

SOLD PURSUANT TO THE OFFERING OR OTHER RESTRICTIONS. SUCH PRICES SHOULD NOT BE CONSIDERED ACCURATE INDICATORS OF FUTURE QUOTED OR TRADING PRICES THAT MAY SUBSEQUENTLY EXIST FOLLOWING THE OFFERING.

THE COMPANY RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART FOR ANY REASON OR FOR NO REASON. THE COMPANY IS NOT OBLIGATED TO NOTIFY RECIPIENTS OF THIS INVESTOR PACKAGE WHETHER ALL OF THE SECURITIES OFFERED HEREBY HAVE BEEN SOLD.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS INVESTOR PACKAGE. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS INVESTOR PACKAGE AS INVESTMENT, LEGAL, BUSINESS, OR TAX ADVICE. EACH INVESTOR SHOULD CONTACT HIS, HER OR ITS OWN ADVISORS REGARDING THE APPROPRIATENESS OF THIS INVESTMENT AND THE TAX CONSEQUENCES THEREOF, WHICH MAY DIFFER DEPENDING ON AN INVESTOR'S PARTICULAR FINANCIAL SITUATION. IN NO EVENT SHOULD THIS INVESTOR PACKAGE BE DEEMED OR CONSIDERED TO BE TAX ADVICE PROVIDED BY THE COMPANY.

#### **CONFIDENTIALITY**

By accepting delivery of this Investor Package, you acknowledge and agree that all of the information contained herein is of a confidential nature and that this Investor Package have been furnished to you for the sole purpose of enabling you to consider and evaluate an investment in the Notes. You agree that you will treat such information in a confidential manner, will not use such information for any purpose other than evaluating an investment in the Notes, and will not, directly or indirectly, disclose or permit your agents, representatives or affiliates to disclose any of such information without the prior written consent of the Company.

You also agree to make your agents, affiliates and representatives aware of the confidential nature of the information contained herein and the terms of this paragraph including your agreement to not disclose such information and to be responsible for any disclosure or other improper use of such information by such agents, affiliates or representatives. Likewise, without the prior written consent of the Company, you agree that you will not, directly or indirectly, make any statements, public announcements, or other release or provision of information in any form to any trade publication, to the press or to any other person or entity whose primary business is or includes the publication or dissemination of information related to the subject matter of this Investor Package. If you decide not to pursue further investigation or evaluation of the Company or to not participate in the Offering, you agree to promptly return this Investor Package and any accompanying documentation (and all copies thereof) to the registered FINRA member offering the Notes.